

STATE OF IOWA  
PROPERTY ASSESSMENT APPEAL BOARD

**John Bradley Blough,**  
Petitioner-Appellant,

v.

**Grundy County Board of Review,**  
Respondent-Appellee.

**ORDER**

**Docket No. 11-38-0252**  
**Parcel No. 8815-05-251-027**

On February 10, 2012, the above-captioned appeal came on for consideration before the Iowa Property Assessment Appeal Board. The appeal was conducted under Iowa Code section 441.37A(2)(a-b) and Iowa Administrative Code rules 701-71.21(1) et al. Petitioner-Appellant John Bradley Blough requested his appeal be considered without hearing. He was self-represented. Grundy County Attorney Kirby D. Schmidt is counsel for the Board of Review, and County Assessor John Freese submitted evidence on its behalf. The Appeal Board now having examined the entire record and being fully advised, finds:

***Findings of Fact***

John Bradley Blough, owner of property located at 500 E. State Street, Dike, Iowa, appeals from the Grundy County Board of Review decision reassessing his property. According to the property record card, the subject property is a one-and-one-half-story, frame dwelling built in 1982. It has 3340<sup>1</sup> square feet of total living area. It also has a 1300 square-foot, attached garage, has a 2360<sup>2</sup> square-foot, unfinished basement; a 1694 square-foot wood deck; and a 187 square-foot, and open porch. The dwelling has a 3+00 quality grade and 5% physical depreciation. It is in very good condition. It is situated on 1.452 acres

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<sup>1</sup> The property record card provided in the certified record reflects the square feet prior to a correction in the total living area from 4012 square feet to 3340 square feet based on the appraisal submitted to the Board of Review (Exhibit II).

<sup>2</sup> The property record card indicates a 2360 square feet basement, whereas the appraisal noted a partial basement of 2140 square feet.

The real estate was classified as residential on the initial assessment of January 1, 2011, and valued at \$435,790, representing \$88,110 in land value and \$347,680 in dwelling value.

Blough protested to the Board of Review on the grounds (1) the assessment is not equitable as compared to similar properties in the taxing jurisdiction under Iowa Code 441.37(1)(a), and (2) the property is assessed for more than the value authorized by law under section 441.37(1)(b). He disputed the 4012 total square feet of living area in his assessment and sought an adjustment to 3340 square feet. He claimed the actual value of the property was \$390,000, allocated \$80,000 to land value and \$310,000 to dwelling value. The Board of Review granted his protest, in part, by correction the total living area measurement and reducing the assessment to \$420,980, allocated \$88,110 to land value and \$332,870 to dwelling value.

Blough then filed his appeal with this Board and claimed the same grounds. He believes the fair market value of the subject property is \$377,621. He arrived at this amount by dividing the original assessed value of the dwelling by the square feet originally listed for the property ( $\$47,790 \div 4012 = \$86.68$ ). Blough then multiplied the correct square feet by the \$86.68 per-square-foot figure ( $\$86.68 \times 3340 = \$289,511$ ). Finally, he added the land value to the dwelling value ( $\$289,511 + \$88,110 = \$377,621$ ).

On his petition to the Board of Review Blough identifies three properties he considered equity comparables. The dwellings are located on Fox Ridge Drive in Dike. They have total assessed values ranging from \$354,890 and \$367,540. No additional information was provided on these properties. We are unable to determine if they are similar to the subject property in style, site, living area, quality, age, location and amenities. Therefore, we give them no weight.

In response to Blough's method of recalculating the fair market value after the change in dwelling total living area, Assessor John Freese, on behalf of the Board of Review, submitted portions of the *Iowa Real Property Appraisal Manual* to explain why the price per square foot increased \$13

when the Board of Review reduced the total living area dimension. He correctly reports that, in the cost approach to valuation, smaller structures usually have higher building costs per square foot than larger structures because fixed costs are spread over more area in larger structures.

Blough purchased the property in 2007 for \$442,500 and refinanced it in May 2010. Freese submitted a copy of the mortgage of \$352,000, a second mortgage of \$40,500 executed in the refinancing, and the refinancing appraisal.

Andrew Steffen of Appraisal Pros, L.L.C., Cedar Falls, completed a summary appraisal report for lending purposes valuing the property at \$440,000 as of April 5, 2010. He notes that due to above average maintenance and upgrading, the effective age of the property is reduced from the actual age. Steffen reports the subject has received extensive recent remodeling including new siding, shingles, windows, floor coverings, as well as kitchen and bath remodeling. He also notes the subject was purchased by Blough in March 2007, for \$440,000 and this was given some weight in the value opinion, as values have remained stable.

Steffen used six 2008 through 2010 sales as comparables. The properties are between one and sixteen years old in the Dike/Cedar Falls area and within roughly ten miles of the subject property. Two of the sales were found within the subject neighborhood and other comparables were taken from like or similar competing neighborhoods. For these reasons, Steffen found location adjustments were unnecessary. Five of the properties were two-story dwellings, and one was a ranch. The comparables were adjusted for site, gross living area, and basement finish. Steffen commented that "token adjustments" were made for garage size, bath count, view, and other amenities. Gross adjustments were 10.5% to 26%. The sales prices of the comparable properties ranged from \$419,500 to \$489,000, or \$153.64 to \$190.16 per square foot. Adjusted sales prices ranged from \$422,700 to \$458,900, or \$140.78 to \$191.61. At the upper end of the range was the dissimilar style ranch dwelling. Excluding

it, the upper end of the range was \$166.03 per square foot, and the median was \$153.34 per square foot. The subject property is assessed at \$126.04 per square foot.

Steffen also completed a cost approach concluding a value of \$447,147.

While the effective date of the appraisal is approximately nine months before the January 1, 2011, assessment date, it has relevance as an indication of value. Furthermore, it is the most credible valuation evidence in the record and supports the subject property's assessment.

Viewing the record as a whole, we find that the preponderance of the evidence does not support the Blough's claims of inequitable assessment or over-assessment as of January 1, 2011. Further, we recommend the Board of Review correct the square footage of the basement to show a partial basement of 2140 square feet.

### ***Conclusion of Law***

The Appeal Board applied the following law.

The Appeal Board has jurisdiction of this matter under Iowa Code sections 421.1A and 441.37A (2011). This Board is an agency and the provisions of the Administrative Procedure Act apply to it. Iowa Code § 17A.2(1). This appeal is a contested case. § 441.37A(1)(b). The Appeal Board determines anew all questions arising before the Board of Review related to the liability of the property to assessment or the assessed amount. § 441.37A(3)(a). The Appeal Board considers only those grounds presented to or considered by the Board of Review. § 441.37A(1)(b). But new or additional evidence may be introduced. *Id.* The Appeal Board considers the record as a whole and all of the evidence regardless of who introduced it. § 441.37A(3)(a); *see also Hy-vee, Inc. v. Employment Appeal Bd.*, 710 N.W.2d 1, 3 (Iowa 2005). There is no presumption that the assessed value is correct. § 441.37A(3)(a).

In Iowa, property is to be valued at its actual value. Iowa Code § 441.21(1)(a). Actual value is the property's fair and reasonable market value. *Id.* "Market value" essentially is defined as the value

established in an arm's-length sale of the property. § 441.21(1)(b). Sale prices of the property or comparable properties in normal transactions are also to be considered in arriving at market value. *Id.* If sales are not available, "other factors" may be considered in arriving at market value. § 441.21(2). The assessed value of the property "shall be one hundred percent of its actual value." § 441.21(1)(a).

To prove inequity, a taxpayer may show that an assessor did not apply an assessing method uniformly to similarly situated or comparable properties. *Eagle Food Centers v. Bd. of Review of the City of Davenport*, 497 N.W.2d 860, 865 (Iowa 1993). Alternatively, a taxpayer may show the property is assessed higher proportionately than other like property using criteria set forth in *Maxwell v. Shriver*, 257 Iowa 575, 133 N.W.2d 709 (1965). The gist of this test is the ratio of the difference between the assessment and market value, even though Iowa law now requires assessments to be 100% of market value. § 441.21(1). Blough did not argue that an assessing method was unequally applied under the *Eagle Food* analysis and did not provide the proof necessary under the *Maxwell* test.

In an appeal that alleges the property is assessed for more than the value authorized by law under Iowa Code section 441.37(1)(b), there must be evidence that the assessment is excessive and the correct value of the property. *Boekeloo v. Bd. of Review of the City of Clinton*, 529 N.W.2d 275, 277 (Iowa 1995). The purchase price of the subject property and the Steffen appraisal support the assessment. Blough does not establish, by the preponderance of the evidence, that the subject property was over-assessed as of January 1, 2011.

Viewing the evidence as a whole, we determine that the preponderance of the evidence does not support Blough's claims of inequity and over-assessment in the January 1, 2011, assessment. Therefore, we affirm the property assessment as determined by the Board of Review. The Appeal Board determines that the property assessment value as of January 1, 2011, is \$420,980, representing \$88,110 in land value and \$332,870 in dwelling value.

THE APPEAL BOARD ORDERS that the January 1, 2011, assessment as determined by the Grundy County Board of Review is affirmed.

Dated this 15 day of March 2012.

Jacqueline Rypma  
Jacqueline Rypma, Presiding Officer

Karen Oberman  
Karen Oberman, Board Member

Richard Stradley  
Richard Stradley, Board Chair

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Certificate of Service	
The undersigned certifies that the foregoing instrument was served upon all parties to the above cause & to each of the attorney(s) of record herein at their respective addresses disclosed on the pleadings on <u>3-15</u> , 201 <u>2</u> .	
By:	<input checked="" type="checkbox"/> U.S. Mail <input type="checkbox"/> FAX
	<input type="checkbox"/> Hand Delivered <input type="checkbox"/> Overnight Courier
Signature	<u>[Signature]</u>